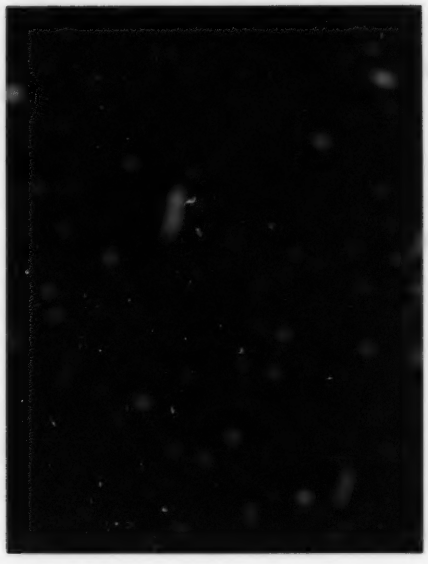
INSURANCE CORPORATION OF BRITISH COLUMBIA



YEAR AT A GLANCE

91-03793/

CLAIMS

With 831,000 claims, an increase of 92,000, this was another record claims year.

PREMIUM TAX

ICBC pays a 4 percent premium tax which totalled close to $57 million.

EARNED PREMIUMS

Premiums earned are up by $167 million, for a total of $1,413 million. BC motorists continue to buy higher levels of third party coverage.

INVESTMENT INCOME

At year-end the total investment fund stood at $2.6 billion, a growth of $274 million during the year. The $332 million income was 19 percent of total revenue which had the effect of reducing every policy by an average of $153.

INCOME

The year ended with income of $17 million.

CONTENTS

13 Report of the Board of Directors

19 Five Year Comparison and Unpaid Claims

20 Statements of Operations

21 Balance Sheets

22 Statements of Changes in Financial Position

23 Notes to Financial Statements

26 Auditors' Report

27 Corporate Directory

Our vision is

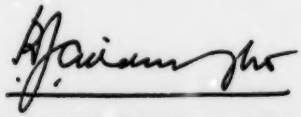
to be the best

insurance company

in North America

Auto insurance is a complex business and the members of the Board of Directors are sensitive to the needs of the almost two and a quarter million vehicle owners in BC. Under the leadership of the eight-member President's Committee, ICBC's 3400 employees strive to fulfill the purpose and vision stated at the beginning of this report. We believe that the Corporation is providing excellent products and services to the public at reasonable cost. ¶ ICBC is recognized throughout the insurance industry for its efficiency and innovation. Public and broker surveys indicate overall support for the Corporation but some BC motorists have perceptions which are not all positive. We'd like to expand public support through greater understanding. ¶ In this report we want to address some of the most common and direct questions people have about ICBC. In so doing, perhaps we can shed some light on the realities of auto insurance in this province.

On behalf of the Board of Directors

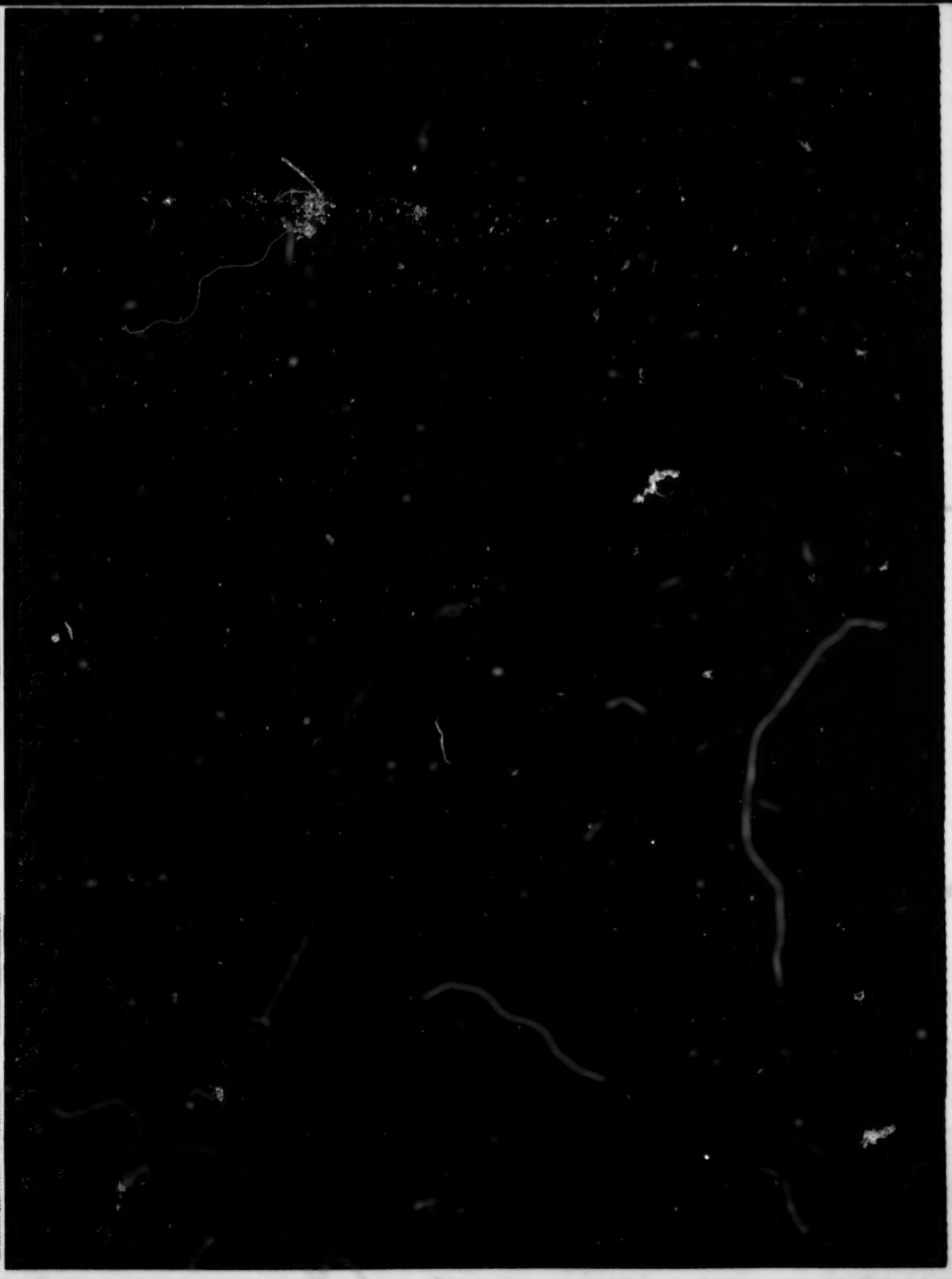


RAYMOND J. ADDINGTON, O.B.E.
Chairman of the Board

MIKE MCCARTHY, *VICE PRESIDENT INSURANCE OPERATIONS:* The premium you pay goes into the Autoplan Fund to help cover the costs of all vehicle-related claims throughout the year. We have a break-even mandate, so the premiums received have to equal the cost of claims. Basically, it's a user-pay system. If you have a claim that affects your position on the Claim-Rated Scale, you'll pay more the following year. But, unfortunately, even if you don't have a claim you may still pay more. ¶ As the costs of rehabilitation, medical and legal fees, vehicle parts and repairs continue to increase, so does the cost of providing auto insurance. But you're still getting it at cost. We set the rates to ensure that the money is there if and when you need it.

DON MCLEAN (LEFT) MIKE MCCARTHY (RIGHT)

DON MCLEAN, *VICE PRESIDENT INFORMATION SERVICES:* Your premium is based on a number of factors. Our Underwriting Department uses information on the value, age and use of over two million vehicles, as well as claim records and the actual and projected costs of providing coverage. Information Services provides the computer technology and skilled people we need for fast, reliable service, internally to all ICBC employees and externally to the public through our Autoplan brokers. ¶ When you renew your insurance, in most cases, all the information your broker needs can be pulled up on a screen within seconds. If you consider the millions of transactions that are handled by brokers and staff each year, you'll recognize that there's an enormous amount of work going on in the background.



GRAHAM REID, *VICE PRESIDENT CLAIMS:* Each adjuster serves as an impartial representative in the claims process. Since most vehicle-related claims in BC are paid by the corporation anyway, the adjusters have no reason to favour either side. After looking at all the elements in a case, adjusters use their expertise to reach an equitable settlement. ¶ Our Claims Settlement Philosophy states that we will settle all claims fairly and promptly. It can be done and we're doing it every day. In 1990, 81 percent of property damage claimants surveyed said they were satisfied with their settlements. We strive for fairness, keeping in mind that if we're too generous, we're not being fair to the rest of BC's motorists whose premiums are affected by rising claim costs.

JOHN NEILSON (LEFT) GRAHAM REID (RIGHT)

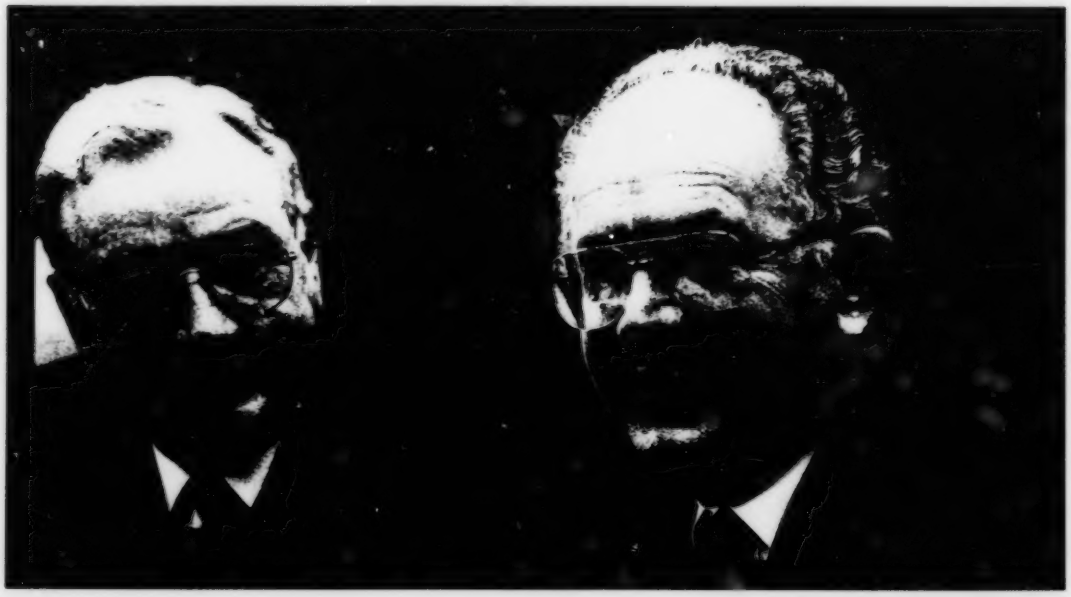
JOHN NEILSON, *VICE PRESIDENT HUMAN RESOURCES AND CORPORATE SECRETARY:* Our adjusters are professionals. We hire only the best people. They are well educated when they come to us and we provide them with specialized training. Then they're required to pass rigorous examinations. We expect ICBC adjusters to know as much about dealing with people effectively as they do about the technical aspects of adjusting. Our commitment is to ensure that when customers meet with our adjusters they know they'll be treated fairly and efficiently by people who are experts in their field.

BILL HEESE, *VICE PRESIDENT FINANCE AND PLANNING:* We operate on a break-even basis and our challenge is to balance premiums earned with the costs of doing business. Each year we project how much we'll need to pay out in claims and what our operating costs will be, but there can be surprises. ¶ Our 'profit' is set aside for our catastrophe reserve and rate stabilization reserve. The reserve funds are there to protect our customers should we see a massive claim increase or a catastrophe which would otherwise drive costs through the roof.

BILL HEESE (LEFT) CLIFF VON ZUBEN (RIGHT)

CLIFF VON ZUBEN, *VICE PRESIDENT INVESTMENTS AND TREASURER:* We use investment income to meet operating expenses and to hold down rate increases. ¶ It's like a dividend except that our shareholders are the motorists of BC. When we receive premium income we invest it until it is needed. In 1990 we were able to generate $332 million from our investments and that money went to pay claims and expenses. In 1990, investment income meant an average saving of $153 per policy.

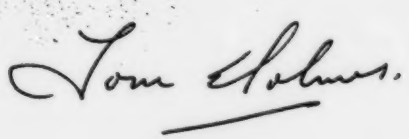
TOM HOLMES, *PRESIDENT AND CEO:* We are big and we are, of necessity, complex, but we surprise a lot of people with our efficiency and the caring attitude of our employees. We constantly ask the public what we're doing wrong, as well as what we're doing right, and we act on their concerns. ¶ ICBC exists to provide affordable vehicle insurance to the people of BC and we know we're judged on our performance. At any given time we have programs under way in one or more of our divisions to focus our attention on customer service and satisfaction. Survey results indicate that they're working.



BEV PENHALL (LEFT) TOM HOLMES (RIGHT)

BEV PENHALL, *MANAGER, PUBLIC INFORMATION:* Our staff receive top marks from our customers. In a 1990 questionnaire, 95 percent of those surveyed found the staff courteous and felt that sufficient time had been taken in dealing with their claims. ¶ With our Dial-A-Claim service, only one telephone call is required to set up an appointment at a convenient claim office. All the claim information is there when the claimant arrives. ¶ Every day, our Public Enquiries and Customer Service staff handle the public's concerns and answer their questions. We use the information from these calls to review what we do and how we do it and to determine what questions we need to answer with our communication materials. We want people to understand how we operate and what they're getting for their premium dollars.

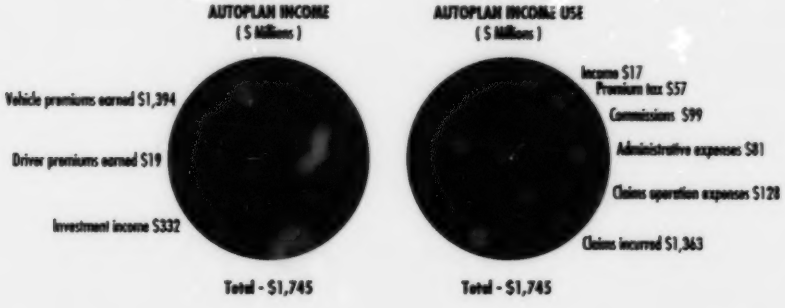
Between the fact that the motorists of BC feel auto insurance is too costly and the fact that ICBC pays out nearly $4.5 million every working day in claims, are many other facts. ¶ We continue to do what we can to reduce costs through loss prevention: traffic safety education, community programs, participation in CounterAttack, and training and research in the latest automotive technologies. Within the insurance industry the Corporation is known for its rehabilitation program for accident victims, the Claim-Rated Scale which provides discounts for claim-free motorists, and it's network of efficient claim offices. ¶ The business of protecting BC residents from motor vehicle-related losses isn't getting any easier, but we're getting better and better at it. ¶ The rest of this Annual Report is about the bottom line. I hope that by answering some of the common questions asked of us we've helped you read between the lines to get a better understanding of ICBC.



TOM HOLMES
President and CEO

1990 was a year of great uncertainty both in Canada and the rest of the world, politically, economically and socially. Although the economy of BC remained strong, recessionary trends in the western world affected the investment climate and put pressures on business, government and individuals. In such a situation the Corporation was able to contribute a stabilizing element to the provincial economy by providing assured access to automobile insurance at cost and by keeping its rate increase for 1991 at a modest 4.5 percent. Three percent will pay for the increasing number and cost of claims and improved Autoplan benefits and the additional 1.5 percent is needed to offset the impact of the Federal Goods and Services Tax.

NET INCOME Operation of the Insurance (Motor Vehicle) Act Fund resulted in a net income of $17 million for the year 1990 representing nearly a break-even position on revenues of $1,745 million. This income has been added to the rate stabilization reserve which protects policyholders against the need for sudden large premium increases in the future.

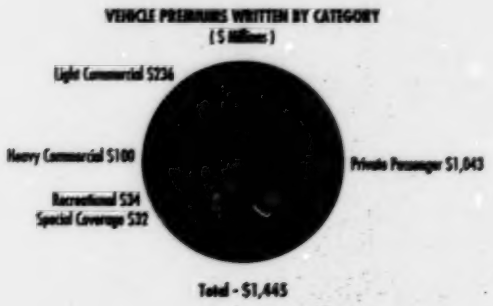


The management of the Corporation is encouraged and supported by the Board of Directors to use every possible means to minimize its administration costs by emphasizing efficiency and productivity. The Corporation's expense ratio has increased only slightly to 12.8 percent from 12.5 percent in 1989, but is still well below that of the private sector. The principal component of the increase is commissions paid to brokers on higher sales of optional coverage.

RAYMOND J. ADDINGTON, O.B.E.
Chairman of the Board

PREMIUM INCOME BC motorists continue to increase their protection by purchasing optional insurance coverages. More than 79 percent of policies include underinsured motorist protection and almost 81 percent have third party legal liability protection of $1 million or more.

Earned premiums totalled $1,413 million, an increase of $167 million over 1989. The average number of vehicle policies in force increased by 3.6 percent to 2.2 million and average premium increased by 8.8 percent.



Almost a quarter (22.5 percent) of the policies are for periods less than twelve months. These policies offer greater flexibility to motorists who make seasonal use of their vehicles or who prefer this option for paying premiums.

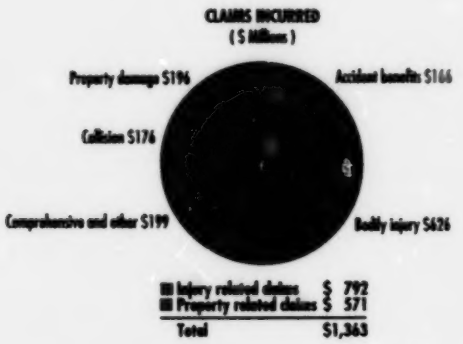
CLAIMS COSTS The Corporation's goal is to provide protection to the motorists of BC, and to do so at cost. This requires that claims be settled fairly and promptly with appropriate cost control. In 1990, for every $100 of earned premiums, the Corporation spent $106 to settle claims.

The number of claims reported in 1990 was 831,000, which was 92,000 more than in 1989, but 8,000 fewer than expected. This is the second consecutive year in which claims have increased by over 90,000. The overall cost of claims incurred and claims operating expenses was $1,491 million, $261 million more than in 1989.

HONOURABLE IVAN C. MESSMER
Solicitor General
Province of British Columbia

THOMAS E. HOLMES
President and CEO

The increase of $236 million in claims incurred includes $72 million to provide for substantially improved weekly benefits to people disabled as a result of traffic accidents.



The average cost of each 1990 claim, when finally settled, is expected to increase by an average of 5.3 percent from 1989.

To provide service to the increasing number of claimants, the Corporation has continued to add staff and facilities. Average claims division staff increased by 304 to 2,192 and new claim facilities were opened in Newton, North Vancouver (North Shore East) and Vancouver (Main Street). Renovations or additions were made to offices in Langley, Matsqui, Maple Ridge, Richmond, Courtenay and Campbell River. This had the effect of increasing the overall cost of the claims operations by $25 million to $128 million, representing an average cost of $154 per claim, up by $15 from 1989.

The Corporation operates throughout the province and offers claims services in many communities. In 1990, rehabilitation services for residents of Vancouver Island were relocated from Vancouver to the Royal Oak Claim Centre in Victoria.

1990 also saw the completion of the first full year of the Alternate Dispute Resolution (ADR) program. This program offers claimants who disagree with the Corporation on the settlement of their claim an alternative to litigation, thus avoiding costs and delays for both parties. The ADR program has been well received by those who have used it and over 95 percent of claims referred to it were resolved successfully.

ROLAND E. BEAULIEU

WALTER H. DYCK

EXPENSES The steady growth in claims and the introduction of short term policies have made greater demands on the Corporation's administrative support functions. The Corporation has added staff and taken other steps to handle the growing workload, including the development of new business systems. These measures, together with inflation, have increased administrative expenses to $82 million in 1990, an increase of $11 million over 1989. The cost per policy-year of insurance sold increased to $38, from $34 in 1989.

The cost of brokers' commissions reflects the continued growth in the number of policies written and higher sales of optional coverages which increases the average premium. As a result the overall cost of commissions rose by $14 million to $99 million representing 7.0 percent of premiums earned. It was 6.8 percent in 1989.

The Corporation contributes to the province and to the communities it serves through the payment of taxes and grants. The 4 percent provincial premium tax amounted to $57 million and grants to municipalities in lieu of property taxes totalled almost three million dollars. In addition the Corporation pays the BC Social Services Tax on its purchases.

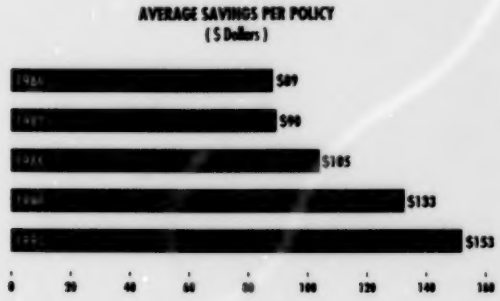
ICBC will not be required to pay the new Federal Goods and Services Tax on its administrative operations but it will bear the cost of GST on claims by reimbursing claimants for GST on their vehicle repairs and other losses. It is estimated that this will add $23.6 million to the cost of settling claims incurred prior to the introduction of the tax on January 1, 1991. This amount has been included in the claims reserves at December 31, 1990. In addition the GST is expected to add $26 million to claims costs in 1991.

INVESTMENT INCOME Investment income in 1990 represented 19 percent of total revenue or $153 per policy, up from $133 last year. Income from the Corporation's investments produces sufficient income to pay all operating expenses. As a result, motorists enjoy lower premiums and the BC economy benefits from the increased disposable income available to each motorist. As it seeks to maximize investment income for the benefit

LAWRENCE B. EBERHARDT

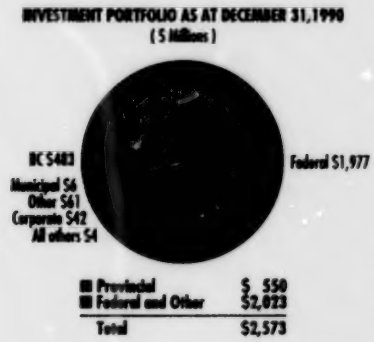
JACK F. ELLETT

of policyholders, the Corporation makes every effort to invest funds in British Columbia. The remainder is invested in other regions of Canada so that investment dollars are returned from the rest of the country to reduce premium costs for BC motorists.



The investment fund produced $332 million in income during 1990 on an average portfolio of $2.5 billion, a yield of 11.98 percent. At year end the amount of the fund was $2.6 billion.

The Corporation positioned itself to take best advantage of the high short term interest rates which were available in 1990. The investment portfolio at the end of the year had an asset mix of 75 percent in short term investments and 25 percent in bonds.



LOSS PREVENTION PROGRAMS The Corporation, in partnership with government, police, schools and communities, is actively involved in traffic safety programs. This year the Corporation has participated in initiatives to

JOHN F. NEWTON

F. DAVID RADLER

reduce speeding and to increase safety at intersections in addition to its continued participation in the CounterAttack Drinking Driving program and initiatives to promote safety belt use.

STAFF Employees have demonstrated a commitment to work with other members of their communities towards addressing environmental concerns and this has led to a number of initiatives. Staff at Lower Mainland Salvage operations in Abbotsford and Queensborough cooperate with the Greater Vancouver Regional District in a program to recycle freon from the air-conditioning systems of damaged vehicles, thus reducing the potential damage to the ozone layer from escaping chlorofluorocarbon (CFC's).

A paper recycling program was begun in March 1990 and is now corporate-wide. This program is shared with private sector paper brokers and associations for the mentally handicapped. Over 100 full-time jobs have been created for mentally handicapped workers and the sale of paper has presented fund-raising opportunities for non-profit societies in several communities.

The Board is well aware of the demands and pressures placed on staff members by the continued escalation in claims. The Board thanks them on behalf of all citizens of BC for their dedication to providing a high level of service under demanding circumstances.

RAYMOND J. ADDINGTON, O.B.E.

Chairman of the Board

THOMAS E. HOLMES

President and CEO

DONALD N. WATSON

GEORGE R. WRIGHT

FIVE YEAR COMPARISON
YEAR ENDED DECEMBER 31

	1990	1989	1988	1987	1986
Autoplan policies	2,171,000	2,095,000	2,036,000	1,981,000	1,917,000
Premium income ($000)	1,413,095	1,245,808	1,034,215	821,790	757,754
Average premium ($)	631	580	516	411	376
Claims reported during year	831,000	739,000	649,000	576,000	536,000
Cost of claims incurred ($000)	1,362,791	1,126,456	953,798	850,546	742,139
Expense ratio% (excluding premium tax)	13	13	14	15	15
Investment income ($000)	331,937	278,493	213,140	179,205	171,241
Investments at year end ($000)	2,573,456	2,299,925	2,028,760	1,778,211	1,546,432
Unpaid claims ($000)	2,036,899	1,749,429	1,553,174	1,401,976	1,245,488
Total assets ($000)	2,886,651	2,559,387	2,212,917	1,957,449	1,702,603
Income (Loss) ($000)	17,190	90,095	26,153	(57,793)	1,120
Average number of employees	3,396	3,040	2,807	2,604	2,415

Annualized values have been used for policies with a term less than 12 months.

UNPAID CLAIMS

YEAR OF LOSS	1990	1989
	($ Thousands)	
1986 and prior	148.0	201.1
1987	131.8	256.2
1988	280.4	461.7
1989	516.2	830.4
1990	960.5	—
Total unpaid claims at December 31	$ 2,036.9	$ 1,749.4

The provision for unpaid claims account includes an estimate for reported and unpaid claims and expenses, based on the claim settlement experience of the Corporation, current trends and a detailed review of claim files. Also included are estimates for unreported claims and for protection against uncertainty related to settling currently outstanding claims in future periods.

The prior year's figures have been reclassified to conform with the current year's presentation.

INSURANCE CORPORATION OF BRITISH COLUMBIA

INSURANCE (MOTOR VEHICLE) ACT FUND STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 1990 AND 1989

	1990	1989
	($ Thousands)	
REVENUE		
Vehicle premiums written	$ 1,444,897	$ 1,295,040
Driver premiums written	15,189	23,514
	1,460,086	1,318,554
Vehicle premiums earned	1,393,779	1,224,534
Driver premiums earned	19,316	21,274
	1,413,095	1,245,808
CLAIMS COSTS		
Claims incurred	1,362,791	1,126,456
Claims operation expenses	127,710	102,972
	1,490,501	1,229,428
EXPENSES		
Administrative	81,623	71,222
Commissions	99,065	84,993
Premium tax	56,653	48,563
	237,341	204,778
TOTAL CLAIMS AND EXPENSES	1,727,842	1,434,206
Underwriting loss	(314,747)	(188,398)
Investment income	331,937	278,493
INCOME FOR THE YEAR	17,190	90,095
Unappropriated surplus - beginning of year	55,465	10,370
Appropriation to:		
Catastrophe reserve	--	(10,000)
Rate stabilization reserve	(17,000)	(35,000)
UNAPPROPRIATED SURPLUS - end of year	$ 55,655	$ 55,465

INSURANCE CORPORATION OF BRITISH COLUMBIA

BALANCE SHEETS
AS AT DECEMBER 31, 1990 AND 1989

	1990	1989
	($ Thousands)	
ASSETS		
Cash in hands of agents	$ 11,951	$ 10,758
Investments (Note 3)	2,573,456	2,299,925
Accrued interest receivable	103,895	73,350
Accounts receivable	11,886	12,309
Deferred premium acquisition expenses	60,520	53,893
Property and equipment (Note 4)	124,943	109,152
	2,886,651	2,559,387
LIABILITIES		
Cheques outstanding	$ 16,749	$ 23,264
Accounts payable and accrued charges	53,936	43,715
Premiums and fees in advance	46,287	42,573
Deferred investment gains and losses (Note 5)	36,075	67,882
Unearned premiums	529,050	482,059
Unpaid claims	2,036,899	1,749,429
	2,718,996	2,408,922
INSURANCE (MOTOR VEHICLE) ACT FUND SURPLUS		
Catastrophe Reserve (Note 6)	30,000	30,000
Rate Stabilization Reserve (Note 6)	82,000	65,000
Unappropriated Surplus	55,655	55,465
	167,655	150,465
	$ 2,886,651	$ 2,559,387

Approved by the Board

Director

Director

STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 1990 AND 1989

	1990	1989
	($Thousands)	
OPERATING ACTIVITIES		
Cash received from:		
Agents for vehicle premiums, licence fees and social service taxes	$ 1,732,483	$ 1,558,298
Interest and net gains on investments	269,374	205,243
Collections for driver point penalty premiums, subrogation and other receivables	47,975	55,119
Salvage sales	22,342	20,444
	2,072,174	1,839,104
Cash paid to:		
Claimants or third parties on behalf of claimants	1,122,979	976,745
Province of British Columbia for licence fees and social service taxes collected	208,046	194,833
Province of British Columbia for premium taxes	57,240	51,028
Suppliers of goods and services	61,656	48,370
Vendors of land, buildings and equipment	32,438	31,440
Employees for salaries and benefits	136,095	116,056
Agents for commissions	102,144	88,230
Policyholders for premium refunds	70,321	62,426
All others	16	1,132
	1,790,935	1,570,260
INCREASE IN CASH AND INVESTMENTS DURING THE YEAR	281,239	268,844
CASH AND INVESTMENTS - BEGINNING OF YEAR	2,287,419	2,018,575
CASH AND INVESTMENTS - END OF YEAR	2,568,658	2,287,419
REPRESENTED BY:		
Cash	11,951	10,758
Investments	2,573,456	2,299,925
Cheques outstanding	(16,749)	(23,264)
	$ 2,568,658	$ 2,287,419

1. STATUS OF THE CORPORATION

The Insurance Corporation of British Columbia (the Corporation) is a Crown corporation incorporated under the Insurance Corporation Act, R.S.B.C. Chapter 201. The Corporation operates and administers the Insurance (Motor Vehicle) Act Fund, and as required by legislation, reports the revenues and expenses attributable to the operation of the Insurance (Motor Vehicle) Act Fund separately from other operations of the Corporation, if any. The Corporation also has the power and capacity to act as an insurer and reinsurer in all classes of insurance, but is not presently engaged in any such activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Reporting

The financial statements of the Corporation, as required by the Insurance Corporation Act, are prepared in accordance with generally accepted accounting principles. The more significant accounting policies adopted are noted below.

Investments and Investment Income

Bonds are valued at amortized cost with any premium or discount on purchase being deferred and amortized over the term to maturity of each bond. Money market securities and equities are valued at cost. Income on interest bearing securities is accrued daily. Dividends on equity investments are recognized as income on their payment dates.

Capital gains and losses realized on bond sales are deferred and amortized over the term to maturity of the bond or 60 months, whichever is less. Capital gains and losses on money market securities and equity investments are included in income in the period realized.

Deferred Premium Acquisition Expenses

Commissions and premium taxes are expensed over the terms of the insurance policies to which they relate.

Depreciation and Amortization

Depreciation is provided on a straight-line basis at rates which will depreciate the original cost over the useful life of each asset. Leasehold improvements are amortized over the term of each lease.

Unearned Premiums

Unearned premiums is that portion of premiums that relates to the unexpired term of each vehicle policy or driver's point penalty premium.

Unpaid Claims

The provision for unpaid claims includes an estimate for reported and unpaid claims and expenses, based on the claim settlement experience of the Corporation, current trends and a detailed review of claim files. Also included are estimates for unreported claims and for protection against uncertainty related to settling currently outstanding claims in future periods.

3. INVESTMENTS

	Dec. 31, 1990		Dec. 31, 1989	
	Cost	Market	Cost	Market
	($Thousands)			
Money Market Securities	$1,934,063	$1,934,063	$1,746,888	$1,746,888
Bonds	636,282	634,783	551,223	545,855
Equities	3,111	2,976	1,814	2,107
	$2,573,456	$2,571,822	$2,299,925	$2,294,850

4. PROPERTY AND EQUIPMENT

	Dec. 31, 1990		Dec. 31, 1989	
	Cost	Net Book Value	Cost	Net Book Value
	($Thousands)			
Land	$ 22,733	$ 22,733	$ 22,111	$ 22,111
Buildings	108,068	67,499	91,995	56,384
Furniture and equipment	81,560	33,822	67,585	30,487
Leasehold improvements	1,558	889	890	170
	$ 213,919	$ 124,943	$ 182,581	$ 109,152

Depreciation has been charged at the following rates - buildings 5 - 10%; furniture and equipment 10 - 33.3%. Depreciation expense for the year ended December 31,1990 amounted to $17,456,000 (1989 - $15,002,000).

5. DEFERRED INVESTMENT GAINS AND LOSSES

	Dec. 31, 1990	Dec. 31, 1989
	($Thousands)	
Balance deferred - beginning of year	$ 67,882	$ 95,546
Net realized gains (losses) during year	(54)	4,098
Amount included in investment income	(31,753)	(31,762)
Balance deferred - end of year	$ 36,075	$ 67,882

6. INSURANCE (MOTOR VEHICLE) ACT FUND SURPLUS

A catastrophe reserve has been established, in accordance with industry practice, to provide financial and reinsurance stability. A rate stabilization reserve has been established to lessen the impact on premiums of significant variations in claims loss experience.

During 1990 the Corporation appropriated, from the Insurance (Motor Vehicle) Act Fund Surplus, $17,000,000 to the rate stabilization reserve and during 1989, appropriated $10,000,000 to the catastrophe reserve and $35,000,000 to the rate stabilization reserve.

7. REINSURANCE

The Corporation underwrites policies of insurance and has obtained reinsurance on those policies which protects the Corporation against losses of up to $110,000,000 and limits the Corporation's liability to $7,500,000, in the event of a series of three or more claims arising out of a single occurrence. These reinsurance arrangements do not discharge the Corporation's obligation as primary insurer.

8. RELATED PARTY TRANSACTIONS

The Corporation is the sole provider of compulsory automobile insurance in British Columbia and, therefore, insures vehicles owned or leased by the government of the province and its controlled entities. The Corporation also acts as agent for the Motor Vehicle Branch regarding the collection of motor vehicle licence fees and for the Ministry of Finance and Corporate Relations regarding the collection of social service taxes on privately sold used vehicles.

9. PENSION PLANS

The Corporation maintains two contributory defined benefit pension plans which provide retirement benefits for substantially all regular employees, based on their length of service and best years' average earnings. The plans are, to all intents and purposes, identical and are funded through a single fund - ICBC Employees' Retirement Trust Fund.

The present value of the accrued pension benefits and the net assets at market value available to provide these benefits are as follows:

	1990	1989
	($Thousands)	
Accrued pension benefits	$ 89,394	$ 76,086
Retirement Fund assets at market value	$ 102,240	$ 97,741

The value of the accrued pension benefits as at December 31, 1990 is based on an actuarial valuation which takes into account projected employee compensation levels at the time of retirement, the rate of inflation and the rate of return on the Fund's assets. At December 31, 1989 the value was updated by the plans' actuaries from their valuation prepared as at December 31, 1988.

The Corporation's pension contribution of $4,465,000 (1989 - $3,772,000) matches the employees' contributions. These have both been established taking into account the amortization of experience and investment gains and losses over the expected average remaining service life of the employees in the plans.

AUDITORS' REPORT

The Honourable Ivan C. Messmer, Solicitor General for the Province of British Columbia,

We have audited the balance sheets of the Insurance Corporation of British Columbia as at December 31, 1990 and 1989 and the statements of operations of the Insurance (Motor Vehicle) Act Fund and changes in financial position for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990 and 1989 and the results of its operation of the Insurance (Motor Vehicle) Act Fund and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Coopers & Lybrand

Chartered Accountants
Vancouver, British Columbia
February 7, 1991

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Raymond J. Addington, O.B.E. [E]
Chairman of the Board,
Chairman, Kelly, Douglas and
Company Limited
Vancouver, BC

Thomas E. Holmes [E]
President and CEO,
Insurance Corporation of BC
North Vancouver, BC

Honourable Ivan C. Messmer [E]
Solicitor General,
Province of British Columbia

Roland E. Beaulieu [B]
Businessman,
Victoria, BC

Walter H. Dyck [EAB]
Regional Managing Partner,
Doane Raymond Pannell
Vancouver, BC

Lawrence B. Eberhardt [BA]
Former Chairman, President
and CEO,
Neon Products Canada Ltd.
Vancouver, BC

Jack F. Ellett [I]
President,
Price and Markle Equipment Ltd.
Vernon, BC

John F. Newton
Former President,
Fletchers Fine Foods, Ltd.
Sidney, BC

F. David Radler [EAI]
President,
Hollinger Inc.
Vancouver, BC

Donald N. Watson [B]
Former President and CEO,
Canadian Cellulose Ltd.
and Pacific Western Airlines
Vancouver, BC

George E. Wright [I]
Former Vice-Chairman and Director,
Richardson Greenshields
of Canada Ltd.
Vancouver, BC

[E] - *Executive Committee*
[A] - *Audit Committee*
[B] - *Budget Committee*
[I] - *Investment Committee*

CORPORATE DIRECTORY

PRESIDENT'S COMMITTEE

Thomas E. Holmes
President and CEO

William A. Heese
Vice-President, Finance and Planning

Michael B. McCarthy
Vice-President, Insurance Operations

Donald J. McLean
Vice-President, Information Services

John R. Neilson
Vice-President, Human Resources and Corporate Secretary

C. Bev Penhall
Manager, Public Information

H. Graham Reid
Vice-President, Claims

Clifford A. Von Zuben
Vice-President, Investments and Treasurer

AUDITORS

Coopers & Lybrand
Chartered Accountants
Vancouver, BC

BANKER

The Royal Bank of Canada
Vancouver, BC

ADMINISTRATIVE OFFICE

151 West Esplanade,
North Vancouver, BC
V7M 3H9

CLAIM SERVICE LOCATIONS

Lower Mainland
Vancouver (6)
Burnaby (2)
Chilliwack
Coquitlam
Langley
Maple Ridge
Matsqui
New Westminster (2)
North Vancouver (2)
Powell River
Richmond (2)
Squamish
Surrey (3)

Vancouver Island
Campbell River
Courtenay
Duncan
Nanaimo
Port Alberni
Port Hardy
Victoria (2)

Northern BC
Dawson Creek
Fort St. John
Prince George
Prince Rupert
Smithers
Terrace

Cariboo
100 Mile House
Kamloops
Quesnel
Williams Lake

Okanagan
Kelowna
Penticton
Salmon Arm
Vernon

Kootenays
Cranbrook
Nelson
Trail